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How to Put the Representation Back Into Taxation

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How to put the representation back into taxation

BY DAVID SCHOENBROD, OPINION CONTRIBUTOR — 12/19/17 09:00 AM EST

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At the Boston Tea Party political protest of 1773, defiant colonists took action against import duties in the Tea Act imposed by the British Parliament in which they had no representation. As they tossed chests of tea overboard from ships in the Boston harbor, the Sons of Liberty proclaimed that “taxation without representation is tyranny” — and their words helped spark the American Revolution.

Yet this week, Congress, including many members who identify with the Tea Party, is slated to pass a tax bill that, whatever else one thinks of it, is taxation without representation.

Of course, members of Congress are elected representatives. And supporters of the bill say it will cut taxes, rather than impose taxation. But it’s crucial to look

deeper.

Although the bill indeed will cut taxes to be collected over the next decade, this will increase budget deficits — adding to the national debt and thus committing American taxpayers to pay more to service the U.S. debt later. Even worse, we don't know how much we'll have to pay — or how, or when.

Meanwhile, our supposed representatives will get credit for a tax cut in the short term, while they escape responsibility for the bill that inevitably will come due. That is taxation without representation.

During the two centuries following the Boston Tea Party, Congress did not indulge in such stealth taxation without representation. Yes, it did sometimes run large deficits, but only to deal with emergencies such as wars or depressions, and afterward usually ran surpluses to reduce the debt. As a result, national debt was only a third of national income in 1970.

Then, however, both Democrats and Republicans routinely began to run large deficits. Under President Johnson, in the name of a "Great Society," Congress created benefit programs such as Medicare without imposing the taxes needed to fully pay for them. Similarly, under President Nixon, Congress did much the same in increasing Social Security benefits shortly before the 1972 general election. With tax cuts under President Reagan, Congress did not cut spending sufficiently to offset the loss of revenue.

In general, over half a century, Congress promised increased benefits or lower taxes without having to take responsibility for the long-term costs. As a result, national debt, relative to national income, is now three times higher than it was in 1970 and getting much worse.

Current spending and taxing practices can't continue. According to the Congressional Budget Office, these practices would lead to national debt, relative to national income, rising like a rocket. This will eventually undercut the government's ability to borrow at reasonable rates of interest. Big spending cuts or tax increases — likely both — are inevitable.

Going forward, however, members of Congress who truly believe that “taxation without representation is tyranny” can put representation back into taxation.

They can do so by championing a bill that would require a nonpartisan government office to put in every voter’s mailbox, every year, a letter estimating the annual cost to the average family of the future tax increases or spending cuts needed to keep government solvent over the long run; how much the current Congress has increased or decreased that cost; and how much that cost will mount if Congress delays in raising taxes or cutting spending. That would make members of Congress and presidents more accountable to us.

Such a bill would be difficult for other legislators to oppose. Congress, after all, passed the [Truth in Lending Act](#), which makes it a crime punishable by imprisonment for lenders to fail to disclose to borrowers how much they will have to pay in future years. The bill that I propose — [the Honest Deal Act](#) — would have members of Congress apply to themselves that same principle: they must disclose to us how much it will cost us to repay the debt that they impose on us.

It’s time for truth in spending and taxing. The alternative is tyranny.

David Schoenbrod is a law professor at New York Law School and author of [“DC Confidential: Inside the Five Tricks of Washington”](#) (Encounter, 2017).